

GAS TO NORTHERN COMMUNITIES

As you know, Canadian Arctic Gas Pipeline Limited has investigated the economic feasibility of gas service to communities in the Yukon and Northwest Territories which might be serviced by the proposed Pipeline. This study has been submitted to this Commission and shows that such service is presently economically feasible in many of the communities along the Mackenzie Valley, but not in all. Feasibility of gas service to any community, of course, is a function of the size of the demand in the community and the distance from the pipeline to the community itself.

Obviously in those communities where natural gas service is indicated to be a more economic means of supplying fuel to a community, we stand ready, willing and able to facilitate, in any way we can, the service of gas to those communities. This can be done by our arranging for gas to be made available at a take-off point on the pipeline to any distribution company, whether privately owned or governmentally owned, which would provide the service to that community. In this connection, were it deemed desirable, we would be prepared to build the main lateral to the community and to charge a cost of service appropriate to that facility to the distribution company which would be purchasing the gas at the end of such a lateral.

The big question, of course, is the question of gas service being supplied to those communities which, where on normal economic basis, this could not be justified. What should be done in this situation is a very complex problem. Some of the problems that have to be considered in any such decision are as follows:



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1. Is it more desirable for that community to be serviced by natural gas than by some other form of energy such as the form of energy now servicing that community? In this connection, one would have to consider the impact on the community if existing services were, in fact, discontinued or greatly reduced in terms of the market being served. In small communities competitive service between fuels is hard to justify.

2. In most communities fuel now servicing those communities is presently being subsidized by the Federal Government. If it is deemed that gas service is desirable for the community, then should this method of subsidization by the Federal Government be continued?

3. Should other customers of the major transmission facility, in fact, through increases in their rates, subsidize the cost of servicing such communities?

The above points, I think, illustrate the fact that it is a complex question and it seems to us a question that must be answered by the government in the final analysis. I can say that if it were the government's decision, after considering all the factors, that gas service should be made available to certain communities on a subsidized basis and that the subsidization should be borne by the other customers of the pipeline system then, of course, we would undertake to construct those facilities. We would include the charges associated therewith in our total cost of service and our rates would be structured so that gas service to these communities would be available on a competitive cost of service basis with the additional costs for so doing being borne by other customers on the system.

